

CONTRACT #12

RFS # N/A

FA # N/A

**University of Tennessee
Health Science Center**

**VENDOR:
Principal Financial Group**

January 13, 2010

Mr. Jim White
Executive Director
Fiscal Review Committee
320 Sixth Avenue, North - 8th Floor
Nashville, TN 37243-0057

Dear Mr. White:

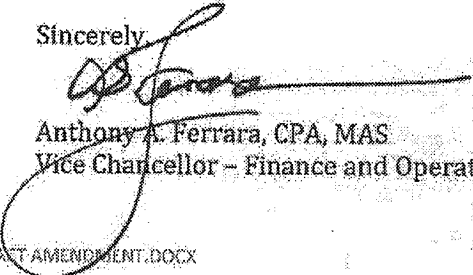
The University of Tennessee Health Science Center is submitting for the committee's review an amendment (Amendment #1) to the contract with Principal Financial Co. for the purpose of increasing the University's maximum from \$600,000 to \$3,100,000 effective July 1, 2010 and to extend the end date through June 30, 2014.

In early 2009, the University conducted a competitive bid process for the Medical Resident Disability Insurance. The bid committee selected Principal Financial Co. as the new provider of Medical Resident Disability Insurance effective July 1, 2009. The bid inadvertently was processed as a one year contract with four one year automatic renewals instead of a five year contract which would provide the ability to opt out after any one year interval as intended. Consequently, the maximum liability was captured for only the first year. This amendment is to increase the maximum to represent the expected expenditure over the five year contract period.

I would note that funding for this contract is directly from payroll deductions from medical resident payroll. There is no incremental cost to the Health Science Center for this insurance. Further, the actual expenditure is strictly dependent on the benefit choices made by the medical residents. We have based our estimates on historical data.

Additional, the University has received notification from Principal that retro-active to November 1, 2009; all policies written from this date would receive a 2% rate reduction from the original bid specs. All policies written prior to November 1st remain unchanged.

Sincerely,


Anthony A. Ferrara, CPA, MAS
Vice Chancellor - Finance and Operations

AAF/

N:\GENERAL LETTERS - DOCUMENTS\FY 2010\WHITE PRINCIPAL CONTRACT AMENDMENT.DOCX

Enclosure

cc: Charles M. Peccolo
Mary Carr-McDonald
Sandra Pulliam

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Anthony A. Ferrara	*Contact Phone:	901-448-5523
*Original Contract Number:	N/A	*Original RFS Number:	N/A
Edison Contract Number: (if applicable)		Edison RFS Number: (if applicable)	
*Original Contract Begin Date:	7/1/09	*Current End Date:	6/30/10
Current Request Amendment Number: (if applicable)	1		
Proposed Amendment Effective Date: (if applicable)	7/1/10		
*Department Submitting:	University of Tennessee		
*Division:	Health Science Center		
*Date Submitted:	12/11/09		
*Submitted Within Sixty (60) days:	Yes		
If not, explain:			
*Contract Vendor Name:	Principal Financial Group		
*Current Maximum Liability:	\$600,000		
*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)			
FY: 2010	FY:	FY:	FY:
\$600,000	\$	\$	\$
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)			
FY:10 (Dec)	FY:	FY:	FY:
\$118,815.52	\$	\$	\$
<p>IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:</p>		<p>The resident disability insurance policies are made to the individual resident for life. All residents that were here prior to July 1, 2009 (the start date of this contract) had the option to switch to the new Principal policy but could keep their policy from the old carrier – the majority have remained with the previous carrier. \$600,000 represents an estimated annual cost for this contract.</p>	
		<p>There are no "surplus" funds to be spent as the cost of the disability insurance is 100% payroll deducted from the residents and paid to the carrier. The current contract allocation is the estimated annual cost of the first year at the time of original execution of the contract. \$600,000 represents an estimated annual cost at the execution of the contract.</p>	
<p>IF surplus funds have been carried</p>			

Supplemental Documentation Required for Fiscal Review Committee

forward, please give the reasons and provide the authority for the carry forward provision:			
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:			
*Contract Funding Source/Amount:	State:		Federal:
Interdepartmental:		<i>Other:</i>	Insurance Premiums – 100% collected through payroll deductions from the Medical Residents.
If “other” please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
Method of Original Award: <i>(if applicable)</i>			
*What were the projected costs of the service for the entire term of the contract prior to contract award?		\$600,000 for first year of contract	

Supplemental Documentation Required for Fiscal Review Committee

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY:10	FY:11	FY:12	FY:13	FY:14
Disability insurance	\$300,000	\$550,000	\$750,000	\$750,000	750,000
	<p>The increase in cost over the next two years in FY 11 and FY 12 is due to residents under the old policy graduating. There are three levels of coverage for the residents to choose from and the cost of their policy is based on the level, the program they are in, their age, and if they are smokers. Also total number of medical residents the University has will have an effect on the total annual cost.</p> <p>Funds are 100% payroll deducted from the medical residents, so there are no surplus funds; we pay the carrier only what the resident policies amount to each month.</p>				

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.

Deliverable description:	FY:	FY:	FY:	FY:	FY:
	No savings; disability insurance is a required benefit for the medial residents; Funds are 100% deducted from medical residents payroll.				

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

Effective October 30, 2009

Supplemental Documentation Required for Fiscal Review Committee

	Contract was competitively bid through purchasing based on University purchasing requirements in early 2009 based on specific criteria with cost being a major selection factor; RFP 10031200				
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

INVOICE

Copies

From: PRINCIPAL FINANCIAL GROUP
7906 PLAYERS FOREST DRIVE, SUITE 1
MEMPHIS, TN 38119

To: GRADUATE MEDICAL EDUCATION, UTHSC (CLIENT ID: 2891095)
910 MADISON, SUITE 1031
MEMPHIS, TN 38163

Date: January 4, 2010

Re: December 2009 GME Resident Disability Insurance Premiums (GL 258342)

Memphis	(client ID 3514392)	\$11,815.90
Nashville	(client ID 3514402)	372.81
Jackson	(client ID 3514399)	554.73
Chattanooga	(client ID 3514398)	3,775.49
Knoxville	(client ID 3514397)	3,703.34
		=====
Total Due:		\$20,222.27

1/4/10

INVOICE

From: PRINCIPAL FINANCIAL GROUP
7906 PLAYERS FOREST DRIVE, SUITE 1
MEMPHIS, TN 38119

To: GRADUATE MEDICAL EDUCATION, UTHSC (CLIENT ID: 2891095)
910 MADISON, SUITE 1031
MEMPHIS, TN 38163

Date: December 11, 2009

Re: November 2009 GME Resident Disability Insurance Premiums (GL 258342)

Memphis	(client ID 3514392)	\$11,747.36
Nashville	(client ID 3514402)	372.81
Jackson	(client ID 3514399)	554.73
Chattanooga	(client ID 3514398)	3,803.88
Knoxville	(client ID 3514397)	3,703.34
		=====
Total Due:		\$20,182.12


12/16/09

INVOICE

From: PRINCIPAL FINANCIAL GROUP
7906 PLAYERS FOREST DRIVE, SUITE 1
MEMPHIS, TN 38119

To: GRADUATE MEDICAL EDUCATION, UTHSC (CLIENT ID: 2891095)
910 MADISON, SUITE 1031
MEMPHIS, TN 38163

Date: November 5, 2009

Re: ^{oct} September 2009 GME Resident Disability Insurance Premiums (GL 258342)

Memphis	(client ID 3514392)	\$11,696.90
Nashville	(client ID 3514402)	372.81
Jackson	(client ID 3514399)	554.73
Chattanooga	(client ID 3514398)	3,803.88
Knoxville	(client ID 3514397)	3,703.34
		=====
Total Due:		\$20,131.66

11/23/09

INVOICE

From: PRINCIPAL FINANCIAL GROUP
7906 PLAYERS FOREST DRIVE, SUITE 1
MEMPHIS, TN 38119

To: GRADUATE MEDICAL EDUCATION, UTHSC (CLIENT ID: 2891095)
910 MADISON, SUITE 1031
MEMPHIS, TN 38163

Date: November 5, 2009

Re: September 2009 GME Resident Disability Insurance Premiums (GL 258342)

Memphis	(client ID 3514392)	\$11,700.84
Nashville	(client ID 3514402)	372.81
Jackson	(client ID 3514399)	554.73
Chattanooga	(client ID 3514398)	3,803.88
Knoxville	(client ID 3514397)	3,731.72
		=====
Total Due:		\$20,163.98

11/5/09

INVOICE


From: PRINCIPAL FINANCIAL GROUP
7906 PLAYERS FOREST DRIVE, SUITE 1
MEMPHIS, TN 38119

To: GRADUATE MEDICAL EDUCATION, UTHSC (CLIENT ID: 2891095)
910 MADISON, SUITE 1031
MEMPHIS, TN 38163

Date: September 28, 2009

Re: August 2009 GME Resident Disability Insurance Premiums (GL 258342)

Memphis	(client ID 3514392)	\$11,014.24
Nashville	(client ID 3514402)	372.81
Jackson	(client ID 3514399)	554.73
Chattanooga	(client ID 3514398)	3,803.88
Knoxville	(client ID 3514397)	3,780.69
		=====
Total Due:		\$19,526.35


9/28/09

INVOICE

From: PRINCIPAL FINANCIAL GROUP
7906 PLAYERS FOREST DRIVE, SUITE 1
MEMPHIS, TN 38119

To: GRADUATE MEDICAL EDUCATION, UTHSC (CLIENT ID: 2891095)
910 MADISON, SUITE 1031
MEMPHIS, TN 38163

Date: August 27, 2009

Re: July 2009 GME Resident Disability Insurance Premiums (GL 258342)

Memphis	(client ID 3514392)	\$10,426.37
Nashville	(client ID 3514402)	372.81
Jackson	(client ID 3514399)	554.73
Chattanooga	(client ID 3514398)	3,803.88
Knoxville	(client ID 3514397)	3,431.35
		=====
Total Due:		\$18,589.14

W
8/25/09

THE UNIVERSITY OF TENNESSEE
REQUEST: NON-COMPETITIVE AMENDMENT
CONTRACT

1) NCJ Number:	9000002724	Fund Number:	R073202091
2) Campus/Institute Name:	Memphis	Graduate Medical Educ-Admin	

EXISTING CONTRACT INFORMATION

3) Short Description:	Principal Life Insurance Company-GME Disability		
4) Proposed Vendor:	Name:	PRINCIPAL FINANCIAL GROUP	
	Vendor Number:	1056171	
	Vendor ID:		
5) Original CTS Number:	0000000000		
6) Contract Start Date:	07/01/2009		
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised:	06/30/2010		
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised:	\$ 600,000.00		

PROPOSED AMENDMENT INFORMATION

9) Proposed Amendment #	001		
10) Proposed Amendment Effective Date:	11/01/2009		
11) Proposed Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised:	06/30/2014		
12) Proposed Amendment Amount	\$ 2,500,000.00		
13) Proposed Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised:	\$ 3,100,000.00		
14) Approval Criteria:	Non-competitive negotiation is in university's best interest		
15) Description of the Proposed Amendment Effects & Any Additional Service:			
Principal Life Insurance Company Resident Disability Insurance			
16) Explanation of Need for the Proposed Amendment:			
1) Amend the contract to account for change in recovery benefit rider and reduction in rates effective November 1, 2009 2) To correct the original contract from a one year contract with four one year extension to a five year contract with the option to cancel each year			
17) Name & Address of Vendor/Contractor's Current Principal Owner(s): (not required if proposed contractor is a state education institution)			
PRINCIPAL FINANCIAL GROUP			
7906 PLAYERS FOREST DRIVE, STE 1			
MEMPHIS		TN	38119
US		USA	
18) Documentation of Office for Information Resources Endorsement: N/A (required only if the subject service involves information technology)			
19) Documentation of Department of Personnel Endorsement: N/A (required only if the subject service involves training for state employees)			
20) Documentation of State Architect Endorsement: N/A (required only if the subject service involves construction or real property related services)			
21) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives:			
The contract was competitively bid. It was intended to be a five year contract but was			

done inadvertently as a one year contract with four one year renewals.

22) Justification for the Proposed Non-Competitive Amendment:

The contract was competitively bid. It was intended to be a five year contract but was done inadvertently as a one year contract with four one year renewals.

CONTRACT SUMMARY SHEET

021406

RFS #	Contract #
N/A	N/A
State Agency	State Agency Division
University of Tennessee	Health Science Center
Contractor Name	Contractor ID # (FEIN or SSN)
Principal Financial Co	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 42-0941553

Service Description			
Resident Disability Insurance			
Contract BEGIN Date	Contract END Date	Subrecipient or Vendor?	CFDA #
7/1/2009	6/30/2014	Vendor	

Mark Each TRUE Statement	
<input checked="" type="checkbox"/> n/a Contractor is on STARS	<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
332.3	N/A	N/A	N/A	N/A	N/a
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2010				\$ 300,000.00	\$ 300,000.00
2011				\$ 550,000.00	\$ 550,000.00
2012				\$ 750,000.00	\$ 750,000.00
2013				\$ 750,000.00	\$ 750,000.00
2014				\$ 750,000.00	\$ 750,000.00
					\$ -
TOTAL:	\$ -	\$ -	\$ -	\$ 3,100,000.00	\$ 3,100,000.00

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Mary Carr McDonald 865-974-6326
2010	\$ 600,000.00	\$ (300,000.00)	State Agency Budget Officer Approval Charles M. Peccolo, Treasurer
2011		\$ 550,000.00	
2012		\$ 750,000.00	
2013		\$ 750,000.00	
2014		\$ 750,000.00	
			Funding Certification (certification required by T.C.A. § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
TOTAL:	\$ 600,000.00	\$ 2,500,000.00	
End Date	6/30/2010	6/30/2014	

Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR)			
<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business <input type="checkbox"/> NOT disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)			
<input checked="" type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method	
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Negotiation w/ Government(eg,ID,GG,GU)	<input type="checkbox"/> Other	

Procurement Process Summary (complete for Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)
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These services were competitively bid for a one-year contract, with the option to extend for four additional years. Our original intent was for a five-year relationship which allows for more consistency in managing the insurance for our residents. This amendment is to extend services for the additional four years and to increase the University's financial liability to reflect the dollars anticipated to be paid out over this time frame.

**THE UNIVERSITY OF TENNESSEE
CONTRACT AMENDMENT**

This amendment is to the contract between the University of Tennessee (hereinafter University and
Principal Insurance Co. (hereinafter Contractor), which Contract was signed by the
University on 6/18/09

This Contract amendment consists of this cover page, the University's Standard Terms and Conditions and
2 additional pages.

By mutual agreement, the University and the Contractor agree to the following amendment:

Amending contract # 8500010267 - Effective July 1, 2010, the end of the contract is June 30, 2014. The period of performance for the original and four optional years is July 1, 2009 through June 30, 2014 with the option for The University or Principal Insurance to retain the option to not renew at the start of any year with 30 days written notice of the anniversary date (July 1).

The University's current maximum liability for the first option year under this Contract is \$600,000. The maximum liability for the additional years should be: FY 2010 \$300,000; FY 2011 \$550,000; FY 2012 \$750,000; FY 2013 \$750,000; and FY 2014 \$750,000. Should all option years be exercised, the total maximum liability under this Contract is \$3,100,000.00.

Original bid under FRP 10031200.

The attached rate schedule change which is a 2% reduction from original rates became effective November 1, 2009.

All other terms remain unchanged.

In witness of their acceptance of the terms of this agreement, the parties have had this Contract executed by their duly authorized representatives.

FOR CONTRACTOR:

Signature _____
Printed Name _____
Title _____
Address _____

Telephone Number _____
SSN or Fed. ID Number _____

FOR UNIVERSITY:

Graduate Medical Education
Department Name _____
E073202
Responsible Account (if applicable) _____
Administrative Signature (optional) _____
Administrative Printed Name _____
Authorized Official Signature _____
Anthony A. Ferrara, VC Finance and Operations
Authorized Official Name (printed) _____
Date JAN 13 2010

STANDARD TERMS AND CONDITIONS

1. The University is not bound by this Contract until it is approved by the appropriate University official(s) indicated on the signature page of this Contract.
2. This Contract may be modified only by a written amendment which has been executed and approved by the appropriate parties as indicated on the signature page of this Contract.
3. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the University.
4. Unless otherwise indicated on the reverse, if this Contract provides for reimbursement for travel, meals or lodging, such reimbursement must be made in accordance with University travel policies.
5. The Contractor warrants that no part of the total Contract amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor, or consultant to Contractor in connection with any work contemplated or performed relative to this Contract, and that no employee or official of the State of Tennessee holds a controlling interest in the Contractor. If the Contractor is an individual, the Contractor certifies that he/she is not presently employed by the University or any other agency or institution of the State of Tennessee; that he/she has not retired from or terminated such employment within the past six months; and that he/she will not be so employed during the term of this Contract.
6. The Contractor shall maintain documentation for all charges against the University under this Contract. The books, records and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment, and shall be subject to audit, at any reasonable time and upon reasonable notice, by the University or the Comptroller of the Treasury, or their duly appointed representatives. These records shall be maintained in accordance with generally accepted accounting principles.
7. No person on the grounds of disability, age, race, color, religion, sex, national origin, veteran status or any other classification protected by Federal and/or Tennessee State constitutional and/or statutory law shall be excluded from participation in, or be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract. The Contractor shall, upon request, show proof of such non-discrimination, and shall post in conspicuous places, available to all employees and applicants, notice of nondiscrimination.
8. The Contractor, being an independent contractor, agrees to carry adequate public liability and other appropriate forms of insurance, and to pay all taxes incident to this Contract. The University shall have no liability except as specifically provided in this Contract.
9. The Contractor shall comply with all applicable Federal and State laws and regulations in the performance of this Contract.
10. This Contract shall be governed by the laws of the State of Tennessee, which provide that the University has liability coverage solely under the terms and limits of the Tennessee Claims Commission Act.
11. The Contractor shall avoid at all times any conflict of interests between his/her duties and responsibilities as a Contractor and his/her interests outside the scope of any current or future Contracts. The following principles define the general parameters of a conflict of interests prohibited by the University:
 - a. A Contractor's outside interests shall not interfere with or compromise his/her judgment and objectivity with respect to his/her duties and responsibilities to the University.
 - b. A Contractor shall not make or influence University decisions or use University resources in a manner that results in:
 - Financial gain outside any current or future Contracts for either the Contractor or his/her relatives or
 - Unfair advantage to or favored treatment for a third party outside the University.
 - c. A Contractor's outside financial interests shall not affect the design, conduct, or reporting of research.The Contractor certifies that he/she has no conflicts of interests and has disclosed in writing the following:
 - a. Any partners or employees of the Contractor who are also employees of the University.
 - b. Any relatives of the Contractor's partners or employees who work for the University.
 - c. Any outside interest that may interfere with or compromise his/her judgment and objectivity with respect to his/her responsibilities to the University.
12. If the Contractor fails to perform properly its obligations under this Contract or violates any term of this Contract, the University shall have the right to terminate this Contract immediately and withhold payments in excess of fair compensation for completed services. The Contractor shall not be relieved of liability to the University for damages sustained by breach of this Contract by the Contractor.
13. It is understood by the Contractor that the University will possess all rights to any creations, inventions, other intellectual property and materials, including copyright or patents in the same, which arise out of, are prepared by, or are developed in the course of the Contractor's performance under this Contract. The Contractor and the University acknowledge and agree that the Contractor's work under this Contract shall belong to the University as "work-made-for-hire" (as such term is defined in U.S. Copyright Law).
14. For personal, professional, and consultant services, the Contractor shall submit brief, periodic progress reports to the University as requested.
15. In compliance with the requirements of Chapter 878, Public Acts of 2006 of the State of Tennessee, for any contract for goods or services purchased by the University, the Contractor hereby attests that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performances of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the United States in the performance of the Contract.

THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER

Memphis, Tennessee


Graduate Medical Education Disability Insurance Program

\$1,500 Monthly Benefit				\$2,500 Monthly Benefit				\$4,000 Monthly Benefit			
4AM Occupation Class				5AM Occupation Class				4AM Occupation Class			
Age	Monthly Premium (Nonsmoker)	Monthly Premium (Smoker)	Age	Monthly Premium (Nonsmoker)	Monthly Premium (Smoker)	Age	Monthly Premium (Nonsmoker)	Monthly Premium (Smoker)	Age	Monthly Premium (Nonsmoker)	Monthly Premium (Smoker)
25	\$26.63	\$33.29	25	\$22.50	\$28.14	25	\$44.38	\$55.48	25	\$37.50	\$46.89
26	\$27.76	\$34.70	26	\$23.36	\$29.21	26	\$46.26	\$57.84	26	\$38.94	\$48.68
27	\$28.88	\$36.11	27	\$24.26	\$30.32	27	\$48.14	\$59.19	27	\$40.43	\$50.53
28	\$30.01	\$37.52	28	\$25.16	\$31.46	28	\$50.02	\$62.53	28	\$41.93	\$52.43
29	\$31.13	\$38.89	29	\$26.04	\$32.56	29	\$51.85	\$64.82	29	\$43.41	\$54.25
30	\$32.16	\$40.20	30	\$26.89	\$33.62	30	\$53.60	\$67.00	30	\$44.82	\$56.03
31	\$33.20	\$41.51	31	\$27.76	\$34.70	31	\$55.34	\$69.18	31	\$46.26	\$57.84
32	\$34.20	\$42.75	32	\$28.60	\$35.75	32	\$57.00	\$71.25	32	\$47.67	\$59.59
33	\$35.10	\$43.87	33	\$29.38	\$36.72	33	\$58.50	\$73.12	33	\$48.96	\$61.20
34	\$35.98	\$44.98	34	\$30.12	\$37.66	34	\$59.97	\$74.97	34	\$50.20	\$62.76
35	\$36.81	\$46.02	35	\$30.86	\$38.58	35	\$61.35	\$76.69	35	\$51.44	\$64.30
36	\$38.98	\$48.72	36	\$32.72	\$40.91	36	\$64.97	\$81.21	36	\$54.53	\$68.19
37	\$41.24	\$51.56	37	\$34.63	\$43.29	37	\$68.73	\$85.93	37	\$57.72	\$72.14
38	\$43.56	\$54.46	38	\$36.61	\$45.76	38	\$72.60	\$90.76	38	\$61.01	\$76.27
39	\$45.86	\$57.34	39	\$38.62	\$48.27	39	\$76.44	\$95.56	39	\$64.36	\$80.46
40	\$48.17	\$60.22	40	\$40.60	\$50.75	40	\$80.29	\$100.36	40	\$67.66	\$84.58
41	\$50.46	\$63.07	41	\$42.55	\$53.19	41	\$84.10	\$105.12	41	\$70.91	\$88.65
42	\$52.68	\$65.85	42	\$44.45	\$55.57	42	\$87.80	\$109.75	42	\$74.08	\$92.61
43	\$54.85	\$68.57	43	\$46.34	\$57.93	43	\$91.41	\$114.28	43	\$77.23	\$96.55
44	\$57.00	\$71.25	44	\$48.17	\$60.22	44	\$95.00	\$118.76	44	\$80.29	\$100.36
45	\$59.12	\$73.90	45	\$49.99	\$62.49	45	\$98.53	\$123.17	45	\$83.32	\$104.16
46	\$61.32	\$76.66	46	\$51.90	\$64.87	46	\$102.20	\$127.76	46	\$86.50	\$108.12
47	\$63.47	\$79.34	47	\$53.75	\$67.20	47	\$105.78	\$132.24	47	\$89.59	\$111.99
48	\$65.64	\$82.05	48	\$55.62	\$69.53	48	\$109.40	\$136.75	48	\$92.70	\$115.88
49	\$67.91	\$84.89	49	\$57.56	\$71.95	49	\$113.18	\$141.48	49	\$95.83	\$119.92
50	\$70.22	\$87.78	50	\$59.59	\$74.49	50	\$117.04	\$146.30	50	\$99.12	\$124.16
51	\$72.50	\$90.62	51	\$61.61	\$77.01	51	\$120.83	\$151.04	51	\$102.66	\$128.35
52	\$74.79	\$93.49	52	\$63.61	\$79.51	52	\$124.65	\$155.82	52	\$106.02	\$132.52
53	\$77.11	\$96.39	53	\$65.64	\$82.06	53	\$128.51	\$160.65	53	\$109.40	\$136.77
54	\$79.28	\$99.10	54	\$67.51	\$84.83	54	\$132.10	\$165.16	54	\$112.57	\$140.72
55	\$81.28	\$101.61	55	\$69.30	\$86.82	55	\$135.67	\$169.35	55	\$115.50	\$144.57

Assumptions: Unisex Rates, Tennessee Resident, Catastrophic Disability Benefit Rider, Residual Disability Benefit Rider included
Rates as of June 1, 2009 #470206-2011

Program	Occupation Class	Program	Occupation Class
Anesthesiology	4AM	Anesthesiology	5AM
Dentistry-Oral Surgery	4AM	Dentistry-Oral Surgery	5AM
Dentistry-Pediatric Dentistry	4AM	Dentistry-Pediatric Dentistry	5AM
Dentistry-Periodontics	4AM	Dentistry-Periodontics	5AM
Emergency Medicine	4AM	Emergency Medicine	5AM
Medicine-Cardiology	4AM	Medicine-Cardiology	5AM
Medicine-Gastroenterology	4AM	Medicine-Gastroenterology	5AM
Medicine-Gastroenterology-Hepatology	4AM	Medicine-Gastroenterology-Hepatology	5AM
Medicine-Nephrology-Transplant	4AM	Medicine-Nephrology-Transplant	5AM
Neurosurgery	4AM	Neurosurgery	5AM
Neurosurgery-Pediatric	4AM	Neurosurgery-Pediatric	5AM
Neurosurgery-Spine	4AM	Neurosurgery-Spine	5AM
OB/GN	4AM	OB/GN	5AM
Ophthalmology	4AM	Ophthalmology	5AM
Orthopaedic Surgery	4AM	Orthopaedic Surgery	5AM
Orthopaedic-Pediatric	4AM	Orthopaedic-Pediatric	5AM
Orthopedics	4AM	Orthopedics	5AM
Orthopaedic Sports Medicine	4AM	Orthopaedic Sports Medicine	5AM
Orthopedics-Trauma	4AM	Orthopedics-Trauma	5AM
Otolaryngology	4AM	Otolaryngology	5AM
Otolaryngology-Pediatric	4AM	Otolaryngology-Pediatric	5AM
Pathology-Surgical	4AM	Pathology-Surgical	5AM
Pediatrics-Emergency Medicine	4AM	Pediatrics-Emergency Medicine	5AM
Surgery	4AM	Surgery	5AM
Surgery-Critical Care	4AM	Surgery-Critical Care	5AM
Surgery-Pediatric-Endoscopic	4AM	Surgery-Pediatric-Endoscopic	5AM
Surgery-Pediatrics	4AM	Surgery-Pediatrics	5AM
Surgery-Plastic	4AM	Surgery-Plastic	5AM
Surgery-Plastic-Burn	4AM	Surgery-Plastic-Burn	5AM
Surgery-Preliminary	4AM	Surgery-Preliminary	5AM
Surgery-Thoracic	4AM	Surgery-Thoracic	5AM
Surgery-Transplant	4AM	Surgery-Transplant	5AM
Surgery-Vascular	4AM	Surgery-Vascular	5AM
Urology	4AM	Urology	5AM
Urology-Pediatrics	4AM	Urology-Pediatrics	5AM

24/02/2013

	
Insurance Issued by Principal Life Insurance Company	
Served By	
7906 Players Forest Drive Memphis, TN 38119 Wes Barnett Chirag Chauhan, MBA, CFP® 901.365.3447 866.915.7427	

OFFERING HIGHLIGHTS

Individual Policy, NOT Group Coverage Your Occupation Coverage to Age 65 Non Cancelable and Guaranteed Renewable Catastrophic Benefit Rider Residual Disability Benefit Rider 25% Multi-Life Discount, Policy & Discount Portable Unisex Rates Presumptive Disability Rider Capital Sum Benefit Rider 90 Elimination Period
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Insurance Issued by Principal Life Insurance Company, a member of the Principal Financial Group®, Des Moines, IA 50392, www.principal.com

Disability Insurance has limitations and exclusions. For costs and complete details of coverage, contact your Principal Life Financial representative.

Policy and rider descriptions are not intended to cover all restrictions, conditions or limitations. Refer to policies and riders for full details. Policies and riders are subject to state availability. Some riders are subject to an additional premium.

THE UNIVERSITY OF TENNESSEE

CONTRACT

8500010267

This Contract made and entered into on June 18 document the agreement between The University of Tennessee (hereinafter University) and Principal Life Ins. Co. (hereinafter Contractor).

This Contract consists of this cover page, the University's Standard Terms and Conditions (on reverse) and 2 additional pages/terms contained on this cover page and the University's Standard Terms and Conditions shall prevail over those of any attachment unless otherwise stated under "Other terms" below.



Contractor will provide the following:

Disability income insurance for participants in the College of Medicine Graduate Medical Education Program per terms of RFP 10031200, Barnett Benefits Technical and Premium Proposals dated February 13, 2009.

The period of performance under this contract is from July 1, 2009 through June 30, 2010. However, the University may terminate this Contract by giving the Contractor at least thirty (30) days written notice before the effective termination date in which event the Contractor shall be entitled to receive equitable compensation for satisfactory authorized work completed as of the termination date.

The University will compensate the Contractor \$ per premium schedule.

Other payment terms:

Premiums will be remitted within thirty days following receipt of a corrected invoice. The University cannot make premium pre-payments.

The University's maximum liability under this contract is \$ 500,000.

Other terms (N/A if none):

This contract may be extended for up to four additional periods of one year each with written mutual agreement. Request for Proposal 10031200 and Barnett Benefits Technical and Premium Proposals dated February 13, 2009 are incorporated herein by reference. The University's maximum liability will increase in accordance with any mutually agreed premium increases per terms of the referenced RFP.

In witness of their acceptance of the terms of this agreement, the parties have had this Contract executed by their duly authorized representatives.

FOR CONTRACTOR:

Kevin P. Farley
Signature

Kevin Farley

Name (Printed)

Vice President, CFO and Actuary

Title

Principal Financial Group

Address

711 High Street

Des Moines, IA 50392

Telephone Number

SSN or Fed. Id. No.

Rev 11-07

FOR UNIVERSITY:

Graduate Medical Education
Department Name

E073202

Responsible Account
(If applicable)

Administrative Signature
(Optional)

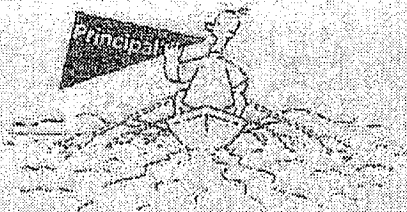
Authorized Official

Anthony A. Parnham
Vice Chancellor
Finance & Operations

JUN 18 2009

STANDARD TERMS AND CONDITIONS

- 1 The University is not bound by this Contract until it is approved by the appropriate University official(s) indicated on the signature page of this Contract.
- 2 This Contract may be modified only by a written amendment which has been executed and approved by the appropriate parties as indicated on the signature page of this Contract.
- 3 The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the University.
- 4 Unless otherwise indicated on the reverse, if this Contract provides for reimbursement for travel, meals or lodging, such reimbursement must be made in accordance with University travel policies.
- 5 The Contractor warrants that no part of the total Contract amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor, or consultant to Contractor in connection with any work contemplated or performed relative to this Contract, and that no employee or official of the State of Tennessee holds a controlling interest in the Contractor. If the Contractor is an individual, the Contractor certifies that he/she is not presently employed by the University or any other agency or institution of the State of Tennessee; that he/she has not retired from or terminated such employment within the past six months; and that he/she will not be so employed during the term of this Contract.
- 6 The Contractor shall maintain documentation for all charges against the University under this Contract. The books, records and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment, and shall be subject to audit, at any reasonable time and upon reasonable notice, by the University or the Comptroller of the Treasury, or their duly appointed representatives. These records shall be maintained in accordance with generally accepted accounting principles.
- 7 No person on the grounds of disability, age, race, color, religion, sex, national origin, veteran status or any other classification protected by Federal and/or Tennessee State constitutional and/or statutory law shall be excluded from participation in, or be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract. The Contractor shall, upon request, show proof of such non-discrimination, and shall post in conspicuous places, available to all employees and applicants, notice of non-discrimination.
- 8 The Contractor, being an independent contractor, agrees to carry adequate public liability and other appropriate forms of insurance, and to pay all taxes incident to this Contract. The University shall have no liability except as specifically provided in this Contract.
- 9 The Contractor shall comply with all applicable Federal and State laws and regulations in the performance of this Contract.
- 10 This Contract shall be governed by the laws of the State of Tennessee, which provide that the University has liability coverage solely under the terms and limits of the Tennessee Claims Commission Act.
- 11 The Contractor shall avoid at all times any conflict of interests between his/her duties and responsibilities as a Contractor and his/her interests outside the scope of any current or future Contracts. The following principles define the general parameters of a conflict of interests prohibited by the University:
 - a. A Contractor's outside interests shall not interfere with or compromise his/her judgment and objectivity with respect to his/her duties and responsibilities to the University.
 - b. A Contractor shall not make or influence University decisions or use University resources in a manner that results in:
 - Financial gain outside any current or future Contracts for either the Contractor or his/her relatives or
 - Unfair advantage to or favored treatment for a third party outside the University.
 - c. A Contractor's outside financial interests shall not affect the design, conduct, or reporting of research.The Contractor certifies that he/she has no conflicts of interests and has disclosed in writing the following:
 - a. Any partners or employees of the Contractor who are also employees of the University.
 - b. Any relatives of the Contractor's partners or employees who work for the University.
 - c. Any outside interest that may interfere with or compromise his/her judgment and objectivity with respect to his/her responsibilities to the University.
- 12 If the Contractor fails to perform properly its obligations under this Contract or violates any term of this Contract, the University shall have the right to terminate this Contract immediately and withhold payments in excess of fair compensation for completed services. The Contractor shall not be relieved of liability to the University for damages sustained by breach of this Contract by the Contractor.
- 13 It is understood by the Contractor that the University will possess all rights to any creations, inventions, other intellectual property, and materials, including copyright or patents in the same, which arise out of, are prepared by, or are developed in the course of the Contractor's performance under this Contract. The Contractor and the University acknowledge and agree that the Contractor's work under this Contract shall belong to the University as "work-made-for-hire" (as such term is defined in U.S. Copyright Law).
- 14 For personal, professional and consultant services, the Contractor shall submit brief, periodic progress reports to the University as requested.
- 15 In compliance with the requirements of Chapter 878, Public Acts of 2006 of the State of Tennessee, for any contract for goods or services purchased by the University, the Contractor hereby attests that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the United States in the performance of the Contract.



Strength in Numbers. Power of Protection

June 16, 2009

To: University of Tennessee Health Science Center
From: Jeff Hannemann, Underwriting Consultant - Principal Life Insurance Company

Thank you for the opportunity to meet the income protection needs of your company's employees. Principal Life is pleased to offer a Standard Issue Individual Disability Income (IDI) insurance program to University of Tennessee Health Science Center.

Program Design

\$1,500 per month mandatory participation. Up to a total of \$3,000 per month of Individual Disability Income (IDI) insurance can be purchased.

Upon your exit of residency, the resident can upgrade to \$4,500 mo in total monthly DI benefit. Additionally, the Transitional Disability Benefit rider can be added to the policy.

HH 750 Policy Series, non-cancelable and guaranteed renewable

Group LTD in force - None

Up to \$4,000 standard issue

90 day Elimination Period

To Age 65 Benefit Period

To Age 65 Year Your Occupation Period

Principal will participate with any in force DI coverage in force or pending.

Riders

Residual Disability Benefit rider

Catastrophic Disability Benefit to \$2,000/mo (or up to 50% of base benefit)

Recovery Benefit Rider - 1 year

Presumptive Disability rider

Capital Sum Benefit rider

24 Month MNSA benefit rider

Pre-Existing Limitation rider - 0.0 for all policies under the standard issue offer

Discounts

25% Multi-Life Discount

SEE GENEVOI AN EDGE



Eligible employees must be age 64 and under and have been an active full-time employee for the past six months or longer and reside in the United States. Active full-time is defined as not missing work or schooling due to a medical condition, been hospitalized, or is partially disabled and unable to perform all the duties of their regular occupation.

We reserve the right to decline, rate or modify individuals currently, presumptively disabled under the terms of the contract.

If necessary, we reserve the right to exclude foreign residency or travel outside of the United States.

We will program around any other disability coverage in force or pending with any other company to determine the appropriate benefit amount.

Income not required.

Initial Enrollment

The enrollment period is for 60 days. Subject to a receipt in Principal Life's home office of a deposit equal to one month of premium and subject to the language of our policy consistent with the Program design, Principal will provide coverage under the terms of the standard issue offer. Coverage will be effective July 1, 2009. In the event an application is not completed or received within 75 days the application is signed, there shall be no coverage for that applicant. Replacement of existing policies is allowed under the terms of this offer.

New Hires/New Eligible

The enrollment period for new hires, or new eligible employees as a result of a promotion, is 60 days from the date of hire/promotion. Please notify Principal Life's home office for illustration and application for all new employees.

To consider the program after the first year, we will need a current census and verification of all information submitted at the time of original request for coverage 90 days prior to the effective date.

This offer is based on current premium rates, contracts, underwriting guidelines, and state regulations in effect at the time of application. Any change in program design, premium payer eligibility, participation requirements, etc. invalidates this offer and subjects the case to further review.

We reserve the right to review this offer with University of Tennessee Health Science Center on an annual basis. Factors such as, but not limited to experience, non-adherence to offer terms, program design, or availability of contract type could make this necessary. When appropriate, the company will provide 90-days notice in advance of any anticipated change to this offer.

On behalf of University of Tennessee Health Science Center, I accept the offer outlined above and attest that all the information provided to Principal Life Insurance Company is complete and accurate.

Signature:



JUN 18 2009

Anthony A. Ferrara
Vice Chancellor
Human Resources

Job Title:

Producer Signature:

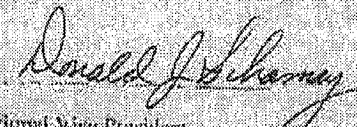


Edwin W. Barnett

President

The Barnett Group

Principal's Signature:



Donald J. Schammy

Disability Income Regional Vice President

Principal Life Insurance Company

Date:

6/19/09

This is a general description. It is not the policy, and does not modify or change the provisions of any policy or rider. Policy definitions and provisions may vary by state and your policy. Carefully read the exclusions and provisions. The policy contains certain exclusions and limitations. The policy does not pay benefits for a disability which in whole or part is caused by, contributed to by, or results from an intentional self-inflicted injury, commission of or an attempt to commit a criminal act, or involvement in an illegal operation or act, or, as suspension, revocation, or surrender of your state license or occupation license or certification or active military service during a military action or conflict, or maintenance in a penal or correctional institution or for 90 consecutive days or longer. Benefits are limited when living outside the United States or Canada. Limitations for normal pregnancy or childbirth may apply. The policy also has a Pre-Existing Condition Limitation. There may be other exclusions or limitations in the policy in addition to those stated in this section. TIR0022000

WE SELECT YOUR AN FEDGE

Principal
Financial
Group